

## Summary of Donations Policy

This statement summarises the current donations policy of the Eastern and Central Community Trust. It is the intention of the Trustees to review and update this policy annually.

The statement is set out as follows:

### 1. TABLE OF CONTENTS

|  | Page |
|--|------|
| <a href="#"><u>1.</u></a> Table of Contents                      | 2    |
| <a href="#"><u>2.</u></a> Trust Objectives                       | 4    |
| <a href="#"><u>3.</u></a> Strategic Objective For Donations      | 5    |
| <a href="#"><u>4.</u></a> Rationale                              | 5    |
| <a href="#"><u>5.</u></a> Measurement                            | 5    |
| <a href="#"><u>6.</u></a> Strategies                             | 5    |
| <a href="#"><u>7.</u></a> Distribution Policy                    | 6    |
| <a href="#"><u>8.</u></a> Donations Budget                       | 6    |
| <a href="#"><u>9.</u></a> Regional Project Reserve Fund          | 6    |
| <a href="#"><u>10.</u></a> Special Programmes                    | 7    |
| <a href="#"><u>11.</u></a> Changes to Donations Policy           | 7    |
| <a href="#"><u>12.</u></a> Criteria For Assessing Donations      | 7    |
| <a href="#"><u>13.</u></a> Specific Policies For the Coming Year | 8    |
| <a href="#"><u>14.</u></a> Charitable or Tax Exempt Status       | 14   |
| <a href="#"><u>15.</u></a> Discretionary Approvals               | 14   |
| <a href="#"><u>16.</u></a> Consideration of Applications         | 15   |
| <a href="#"><u>17.</u></a> Standard Donations                    | 16   |
| <a href="#"><u>18.</u></a> Special Projects                      | 17   |
| <a href="#"><u>19.</u></a> Defining Application Types            | 17   |
| <a href="#"><u>20.</u></a> Changing Circumstances                | 18   |
| <a href="#"><u>21.</u></a> Payment of Donations                  | 18   |
| <a href="#"><u>22.</u></a> Payment of Donations for Vehicles     | 19   |
| <a href="#"><u>23.</u></a> Accountability                        | 20   |
| <a href="#"><u>24.</u></a> Visiting Applicants                   | 21   |
| <a href="#"><u>25.</u></a> Withdrawn Applications                | 21   |
| <a href="#"><u>26.</u></a> Confidentiality                       | 21   |

## Appendices

|    |                                     |    |
|----|-------------------------------------|----|
| A. | Application Form                    | 19 |
| B. | Additional Project Information Form | 25 |
| C. | Client Agreement                    | 27 |
| D. | Accountability Reports              |    |
|    | Standards                           | 32 |
|    | Specials >\$10,000 and <\$100,000   | 34 |
|    | Specials \$100,000 and Over         | 37 |

## 2. TRUST OBJECTIVES

Under section 4(a) of the Trust Deed the Trust's purpose is defined as follows:

“The Trustees shall stand possessed of the Trust fund UPON TRUST to be applied for charitable, cultural, philanthropic, recreational and other purposes being purposes beneficial to the community principally in the specified area.”

The specified area is further defined as follows:

“The specified area means all that area comprising the cities and districts formerly known as the counties of Akitio, Cook, Dannevirke, Eketahuna, Featherston, Hawke's Bay, Kairanga, Kiwitea, Manawatu, Masterton, Matakaoa, Mauriceville, Oroua, Pahiatua, Patangata, Pohangina, Waipapu, Waikohu, Waipawa, Waipukurau, Wairarapa South, Wairoa and Woodville, the Otaki, Tokomaru and Wirokino Ridings of the County of Horowhenua, and including all cities and districts surrounded by or contiguous to those former counties and those ridings, as the said former counties and ridings were constituted on the first day of October 1964 but excluding the borough of Otaki as constituted on the fourth day of July 1974;”

These areas relate to the former county boundaries prior the local authority reorganisations of 1989. Because of the way that the local communities work, it has been agreed with the relevant neighbouring Trusts that this trust will accept applications from Potaka on the East Cape and Manakau in the Horowhenua.



### 3. **STRATEGIC OBJECTIVE**

To distribute Trust funds, in partnership with our communities and stakeholders, in a fair and effective manner

### 4. **RATIONALE**

- 4.1 To positively and effectively fulfil our purpose of helping to build stronger and sustainable communities
- 4.2 To fulfil the Trust's legal obligations under the Trust Deed
- 4.3 To indicate our commitment to working in partnership with our communities and stakeholders

### 5. **MEASUREMENT**

- 5.1 Periodic survey of the effectiveness of our donations
- 5.2 Annual Management Certification that every application was placed before the Board.
- 5.3 Maintain a register of compliments and concerns with concerns to be no more than 1% of applications received.
- 5.4 Periodic survey of applicants to maintain satisfaction at 80% or more.
- 5.5 Regular discussions with key stakeholders in the community.

### 6. **STRATEGIES**

- 6.1 Maintain, apply and regularly review (at least annually) the Donations Policy, taking into account prevailing social and economic conditions.
- 6.2 Apply a robust, efficient and fair application process that:
  - Encourages applications from all parts of our communities; and
  - Maintains a high standard of research, presentation and information regarding each application presented to the Trustees; and
  - Maintains a suitable policy to deal with grievances from applicants
- 6.3 Develop additional initiatives to distribute Trust funds
- 6.4 Create and foster partnerships with stakeholders
- 6.5 Support for community organisations can be made in a variety of ways:
  - Donations in response to specific requests from applicants
  - Long term engagement through a Memorandum of Understanding, or multiyear funding

Underwriting for events  
Social Loans that are simple, short term and small  
Professional or technical support

## **7. DISTRIBUTION POLICY**

Subject to demand and the appropriateness of the applications, each year, it is intended to make total donations equal to 4% of the capital base at the start of the year. The 4% target assumes that the overall assets are not below the level of the adjusted capital base.

However: the donations budget must not exceed the realised income budget projection for the year.

The target donating level in any year will be reviewed:

- should the market value of the assets fall in value below 105% of the adjusted capital base, and
- if the actual realised income is  $\pm 10\%$  above or below the realised income budget.

Should the investment fluctuation buffer exceed 125% of the capital base, consideration will be given to making special donations and/or adjusting the “normal” donating level and/or adjusting the capital base.

## **8. DONATIONS BUDGET**

To assist trustees in managing the approval process, the discretionary (i.e. for standards, specials and discretionary) proportion of the annual donations budget shall be divided across the year’s meetings on the basis of historical percentages. Recommendations should be within budget unless there is an application for a regional project.

Trustees may, if they so choose, exceed the budget for a particular meeting without prejudicing the budget for the remainder of the year.

Priority will be given to projects that have wide community support and substantial funding in place. For larger projects, the wide use of any facilities should be encouraged.

Any surplus or deficit from the overall donations budget may be carried forward to the following year’s donations budget.

The budget for standard, discretionary and special donations for this year is \$5,720,000. Any sums written back during the year may be added to the current year’s donation budget.

## **9. REGIONAL PROJECT RESERVE FUND**

This reserve is only to manage the funding of significant regional projects. Where a recommendation for a significant regional project places unfair pressure on the donations budget for a particular meeting, the shortfall for the regional application may be drawn from this fund. At the end of the financial year, any unspent portion of this fund is to be accumulated in the reserve fund. The reserve fund should not exceed \$1,000,000. In the event of the reserve reaching the maximum level the Trust Board may decide not to make an annual allocation to the reserve.

## 10. SPECIAL PROGRAMMES

Trust initiatives should not exceed 20% of the donations budget.

Currently in place are:

|                           |           |             |
|---------------------------|-----------|-------------|
| Regional Sports Trusts    | \$320,000 |             |
| Summer Reading Programme  | \$230,000 |             |
| Maths Is Fun              | \$90,000  |             |
| Sport on the Move         | \$30,000  |             |
| Pilot Initiatives         | \$150,000 |             |
| Total currently allocated |           | \$820,000   |
| Total available           |           | \$1,124,240 |

## 11. CHANGES TO DONATIONS POLICY

Any changes to policy should be undertaken during the annual review and the policy shall be applied from 1 April to 31 March. From time to time trustees may wish to support an application which achieves the Trust's strategic objectives but is outside policy, because of the merits of the particular application. Any such departures from policy shall be recorded in the minutes of the meeting, including the rationale for the departure.

When an application has been declined because of a recent policy change the reason for the decline will be spelt out in the letter for one year after the change has been made.

## 12. CRITERIA FOR ASSESSING DONATIONS

The Trust makes donations for charitable, cultural, philanthropic, recreational and other purposes being purposes beneficial to the communities of Gisborne District, Hawke's Bay, Taranaki, Wairarapa, Manawatu and Horowhenua.

Community groups showing real commitment to helping build stronger and more sustainable communities are likely to receive favourable consideration. Preference will be given to activities that contribute to:

1. Strong community organisations that improve lives across our communities.
2. Strong and sustainable infrastructure that enrich people's lives.
3. Cohesive and constructive relationships between stakeholders.

This includes:

- Services that add value to the community.
- Services that promote education and learning for community wellbeing.
- Projects or organisations working to alleviate social problems.
- Welfare and social services for the physically and intellectually challenged.
- Community support, including care of the young or aged.
- Youth and education, including school projects that enhance the learning experience.
- Cultural activities and recreation including music, the arts and sport.

### What we don't fund

Donations will not be made for the support of

- School ICT projects
- Jamborees or school camps

- Cultural competitions and similar projects
- Travel to national sports tournaments
- Affiliation fees
- Earthquake strengthening

ECCT does not fund

- Commercial organisations
- Individuals
- National organisations – except where the funds are committed to activities in ECCT's region
- Organisations of a political or ideological nature, or to directly support evangelism, although religious organisations are welcome to apply for other project funding.
- Organisations proposing to redistribute the donation to others (e.g. fundraising events)

### **Things to consider**

- The Trust prefers applicants to be on the charities register or have income tax exempt status.
- All applications are considered by the Board.
- Applicants are usually only eligible to receive one donation per year, from April to March. Only one donation will usually be made for a project. If an organisation is seeking a second donation for the same project it should provide a satisfactory explanation of changed circumstances that might enable the project to receive further consideration.
- From time to time the Trust will make larger donations for projects which will provide a long term benefit to a substantial community of interest. Applicants will need to demonstrate significant local support and a commitment to fundraising. Organisations interested in submitting such applications should contact the Trust office for further information

## **13. SPECIFIC POLICIES FOR THE CURRENT YEAR**

### **13.1 Adventure Courses/Training**

Organisations providing outdoor training/adventure courses should be considered on their individual merits.

### **13.2 Annual accounts**

Annual accounts provided with an application or for audit purposes shall meet the following criteria:

|                               |   |
|-------------------------------|---|
| Standards                     | prepared by organisation  |
| Specials < \$25,000           | prepared by chartered accountant or reviewed by a suitably qualified person |
| Specials \$25,000 - \$100,000 | reviewed by a suitably qualified person                                     |
| Specials > \$100,000          | audited by a suitably qualified person                                      |

Staff may recommend a departure from policy for consideration by the Board if they think it is appropriate.

### **13.3 Art Works**

Applications for works of art should include evidence of wide public support

### **13.4 Bands**

For major bands that perform significant municipal functions up to \$10,000 may be approved for instrument replacement.

### **13.5 Budgeting Services**

Registered budgeting services shall be eligible for a standard donation up to \$7,000.

### **13.6 Buildings**

The Trust wishes to encourage the sharing of building facilities and resources. Whilst each application will be considered on its merits the need for individual premises will need to be clearly demonstrated. Organisations, particularly new ones, should make a case for not renting or sharing. Any application for building maintenance or development should give consideration to the ownership of the property and consent of the owner. Building purchases need to have an inspection report undertaken by a suitably qualified person. All building projects must be compliant with the relevant building codes.

Applications for earthquake strengthening will not be considered unless the Trust contributed to the original facility or it is part of a renovation project. In these circumstances each case will be considered on its merits.

### **13.7 Capital Projects**

Any capital project or purchase over \$50,000 must be accompanied by a maintenance plan, whatever the level of support requested from the Trust.

### **13.8 CCTV**

Applications for CCTV cameras will not be approved.

### **13.9 Coaching sports**

Comment should be sought from the relevant Sports Trust when a request is received from a club or association to ensure that those sports/clubs are not benefitting from the Trust's donation to the Sports Trust for coaching training.



### **13.10 Community Facilities**

The level of support for community facilities such as marae, halls, churches etc. will depend on the level of use the building receives by its community. Historical value will also be taken into account.

### **13.11 Depreciated Assets**

Replacement of an asset originally funded by ECCT will not generally be supported.

### **13.12 Early Childhood Centres**

Where the scope of operation of these groups is not clear, then attention should be paid to the objectives and intent of the organisation and written clarification of these should be sought. Support should be directed towards the protection of the children and health and safety issues.

### **13.13 Elder and Respite Care**

The Trust will not contribute to running costs, but such organisations will not necessarily be precluded from applying for an amount up to a maximum of the standard donation for other projects which enhance the quality of life. The objectives and intent of the organisation will be taken into consideration.

### **13.14 Events / Productions**

These should demonstrate an interactive educative element alongside the production, before they will be considered for funding.

### **13.15 Support for annual events**

Applications will be considered on their merits. Recommendations should include comments on why an event should continue to be supported when the event has been previously supported. Organisations holding large events will need to demonstrate that they are planning for future years.

### **13.16 Feasibility Studies**

Feasibility Studies will not generally be supported but may be considered on a case by case basis.

### **13.17 Funding for guest speakers**

The Trust will consider funding domestic travel costs where substantial public benefit is shown. There will be no support for speakers' fees.

### **13.18 Government Funding – National and Local Authority**

An application for a project that appears to be the responsibility of central or local government may be considered if it can demonstrate wide community benefit.

### **13.19 Health Equipment**

Applications for health equipment will only be considered at the special project level if they are submitted by or supported by their District Health Board, they have 75% of community funding and they are an exceptional case. A commitment from the DHB for operational costs will be required.

### **13.20 Life Education Trusts Operating in the ECCT Region (5)**

A Life Education Trust may be supported up to \$20,000 each per year. They may be eligible to be considered for a "special" amount each year.

### **13.21 Minimum Time Between Applications**

An applicant is usually restricted to one application in the Trust's financial year. Exceptions to this will be considered on a case by case basis if there is good reason so to do.

### **13.22 Office Equipment**

Items such as computers and photocopiers will only be funded at a standard level unless there are exceptional circumstances.

### **13.23 Operating Costs**

Operating costs for organisations will be considered. Attention will be paid to the contribution the applicant makes to their community and a comment will be included in the evaluation in support of any positive recommendation.

### **13.24 Professional Development**

Professional development may be considered where significant community benefit results.

### **13.25 Regional/National Organisations**

Some organisations which apply to ECCT may be represented by a regional or national office. In some instances members/branches have elected to have their fundraising carried out at this level. Any

such application should contain letters from branches supporting this approach and financial statements from the local office. These letters will not need to be resubmitted each time an application is made.

To provide better control of the relationship between ECCT, “head office” and branches formal protocols will be established with organisations wishing to work at this level, ensuring that both head office and branches are aware and are supportive of the application. The same project will not be supported at branch level and national/regional level.

All such applications must include the relevant branch profit and loss statements.

### **13.26 Representative Sports Teams**

Youth representative sports teams can be funded for uniforms or equipment through their associations.

### **13.27 Retrospective Funding of Projects**

These are generally not accepted but will be considered on a case by case basis. Consideration will be given to the reasons why the applicant did not apply in advance of the project proceeding.

### **13.28 Salaries and Wages**

Contributions to salaries and wages above a standard level may be considered on a case by case basis. Recognition should be given to the number of people benefiting from the service for which the salary or wage is sought. Caution should be exercised when considering funding a new position in order to avoid duplication of services and ongoing funding of the position. Details of how a position has been funded in the past should be provided by the applicant.

After two consecutive salary contributions above a standard, discussions should be held with the applicant to discuss dependency issues and advise that the next contribution will be reduced by up to 50%. Exceptions to this reduction may be considered on a case by case basis.

### **13.29 Schools**

The Trust will consider funding projects that enhance the learning experience. Projects must be reasonable in terms of sustainability and per capita costs. The Trust will not normally fund Ministry of Education responsibilities for the delivery of the curriculum. ICT projects will not normally be supported.

Particular emphasis should be given to rural schools that form a hub of their community Applications from private schools will be considered on their merits

### **13.30 School Camps, Jamborees and Cultural Competitions**

These activities will not be supported.

### **13.31 Sports Bodies and Clubs**

Applications for affiliation fees will not be approved.

### **13.32 Sports Uniforms**

Sports uniforms shall remain the property of the organisation

### **13.33 Subsequent Applications for the Same Project**

Only one donation will usually be made for a project. If an organisation is seeking a second donation for the same project it should contain a satisfactory explanation of changed circumstances that might enable the project to receive further consideration.

### **13.34 Surf Life Saving Clubs**

Surf life saving clubs may be supported up to \$7,000 per year. They are eligible to be considered for this amount each year for life saving equipment or lifeguard training. Any other project should be treated as a standard.

### **13.35 Technical / Professional Reports**

It may be necessary to seek an expert opinion for a technical or professional report. This should only be considered if the Trust has received an application that warrants external expertise. Such reports will be paid for by the Trust and should not exceed \$5,000 plus GST without reference to the Trust Board. Such reports should be approved by the General Manager. These reports may be shared with the applicant and/or other funders where appropriate.

Any request for a substantial swimming pool project will be accompanied by a report from a suitably qualified engineer. The report should comment on the ongoing viability of all equipment, the general state of maintenance, what work needs to be done, the estimated cost of such work, any other pertinent factors and recommendations for the best course of action.

### **13.36 Tournaments, Conferences and Similar Events**

Competitions and tournaments are not charitable as such and each should be considered on its merits, having regard for the IRD guidelines. Consideration should be given to the following questions:

Who is benefiting?

Is there a case for broad support?

Is the event confined to members only?

If the event is taking place outside the region, then a standard may be considered if there is significant community benefit to our region.

### **13.37 Travel**

Travel may be supported up to a standard level where it can be shown that the benefits accrue to the community. Overseas travel is not usually supported.

### **13.38 Umbrella Organisations**

The Trust has been reluctant in the past to make donations to organisations to pass down to their member groups/branches. It was felt that it was more effective to direct the funding at the grass roots. There can be exceptions to this practice in specific circumstances.

### **13.39 Vehicles**

The Trust may approve donations towards vehicles, including ride on mowers. Such applications should demonstrate community benefit. Consideration should be given to whether there is alternative transport available, internal policy for managing vehicles and a maintenance plan, is specialized transport required, are there safety or privacy issues. Consideration shall be given to the appropriateness of the age of the vehicle. Any recommendations must include the appropriate payment conditions as outlined in the vehicle payment policy in paragraph 24.

### **13.40 Volunteers**

The reimbursement of volunteers' expenses should be considered on the merits of each case. It should be for actual costs and not in lieu of payment for services.

## **14. CHARITABLE STATUS OR TAX EXEMPTION**

An applicant should have charitable tax status or be exempt from paying income tax. A copy of the letter confirming this status OR confirmation of inclusion on the Charities Register should be on file prior to the application being considered. Consideration may be given to applicants who are not tax exempt. Such donations may be paid from past years' income and the applicant advised that any tax liability is their responsibility.

If an organisation does not have charitable status or exemption from income tax, it must provide a copy of its constitution or rules.

## **15. DISCRETIONARY APPROVALS**

If an application is received for a project that is happening before the next scheduled Trust meeting, the Donations Assessors may recommend that it be considered under discretion.

This discretion is delegated to the Executive Committee who may approve up to a standard donation. Such applications should include an explanation of the circumstances giving rise to the application needing to be considered outside the normal meeting routine. A record of these approvals is noted in the board minutes.

From time to time the Trust may delegate authority to the Executive Committee to deal with an application where the follow up is required prior to the next scheduled Trust meeting. Such delegations are recorded in the minutes and are confined to specific instances.

## 16. CONSIDERATION OF APPLICATIONS

Donations will be considered at each full meeting of the Trust board

All complete donation applications received will be presented to the Trust Board. Where the applicant has not provided all the information requested on the form the application may be returned to the applicant for completion.

Donations will be processed on an “as received” basis. All donations with complete information will be identified at a time suitable to the processing requirements for the meeting and submitted to the board for consideration.

The Donations Assessors shall make a recommendation for each application. If this recommendation varies from the standard amount approved by the board, it should be accompanied by an explanation.

Applications recommended **declined**

These applications will be considered before those recommended approved.

To provide an opportunity to seek additional information from the applicant, **presentations** will be sought from any applicant whose project has a recommendation of \$150,000 or more. The discussion will involve up to 3 members of the organisation, one of whom must be the Governance Leader of the project. The discussion will be no longer than 20 minutes and will focus on the detail of the project enabling trustees’ time to seek further information. This is an opportunity for applicants to add value to the information that has been submitted with the application.

Applications Forwarded **From Other Community Trusts**

From time to time all Trusts receive applications that have national benefit. The following process has been agreed by all Trusts:

- Before an application is promoted to other Trusts it must be within the policy and guidelines of the host Trust, or recommended by the Chairs’ Group for consideration.
- If an application is considered worthy of national consideration the host Trust is to circulate:
  - a covering memo to the Chief Executives from the host Trust outlining the merits of the project,
  - a copy of the application on the application form of the host Trust,
  - the applicant’s annual accounts and taxation status, and

a pro-rata guideline based on the most recent comparative data of net assets of individual Trusts, unless otherwise agreed.

- The host Trust will remain the point of contact and the financial controller throughout the project unless otherwise agreed.
- All Trusts are to advise the host Trust of their decision.
- The host Trust should not be obligated to fully fund the shortfall, but would be expected to contribute their pro-rata amount as a minimum.
- If there is a lack of collective support the host Trust is able to decline the application.
- Once all Trusts have reported their decision the host Trust will invoice each supporting Trust for the amount approved, payable to the host Trust.
- A mandatory audit of the donation is the responsibility of the host Trust and should be advised to the participating Trusts once completed.

## 17. STANDARD DONATIONS

The standard amounts for this level of donation are listed below.

Recommendations are made by Management and Trustees consider these on a negative vetting basis. Consideration is given to varying the standard amount according to the number of beneficiaries.

These amounts are the maximum that may be approved in this category.

| Description                    | Standard |
|--------------------------------|----------|
| Community                      | \$4,000  |
| Culture                        | \$4,000  |
| Early Childhood Education      | \$3,500  |
| Environment                    | \$4,000  |
| Health                         | \$4,000  |
| Heritage                       | \$4,000  |
| Kura Kaupapa / Area Schools    | \$5,000  |
| Primary / Intermediate Schools | \$5,000  |
| Recreation                     | \$4,000  |
| Secondary Schools              | \$5,000  |
| Social                         | \$4,000  |
| Sport - Adult                  | \$4,000  |
| Sport - Youth                  | \$4,000  |
| Tertiary / Community Education | \$5,000  |
| Youth                          | \$4,000  |

All standard applications should be accompanied by a set of annual accounts, or in the case of an organisation that has not been operating for a full year, a set of financial statements for the year to date.

Requests between the standard amount and \$10,000 should be processed as a standard application.

### **Summarised Reporting of Standard Applications**

Summarised reporting shall be undertaken by the Donations Assessor completing the assessment template for each application.

Applications qualifying for this regime will be:

- Early Childhood Education Centres, that are legally constituted and affiliated to a National body – for applications under \$3,500
- All state integrated schools with applications under \$5,000
- Structured youth groups that are affiliated to a National body, with applications under \$4,000.

Applications to be assessed under this framework must meet the following criteria:

- Have appropriate legal status – Charitable Trust, Incorporated Society or be a School
- Be tax exempt or on the Charities Register
- Have had a donation from ECCT within the past 3 years
- Have satisfactorily accounted for any previous donation
- There is no known issue that would suggest that the application have a full assessment – LSM in a school, questionable financial information.
- Applications from groups that clearly do not fit ECCT policy.

### **18. SPECIAL PROJECTS**

These are for amounts greater than the \$10,000. Recommendations are made by the Donations Assessors and Trustees consider each one of these applications. The amounts recommended are based on the number of beneficiaries and the nature of the project.

Current budgetary guidelines are as follows:

|                                |                      |
|--------------------------------|----------------------|
| Regional project               | <\$250,000           |
| Medium sized community project | \$50,000 - \$100,000 |
| Localised project              | <\$50,000            |

A regional project is one where the use and benefits cover a wider geographical area than that in which the project resides.

A medium sized community project is one where the use and benefits cover a significant proportion of that community.

A localised project is one where the use and benefits cover a sector of that community.

All recipients sign a Client Agreement outlining any conditions and obligations the applicant is required to meet.

Audited accounts are required for donations \$100,000 and over. A review will be accepted for special donations below \$100,000. A departure from these levels may be sought.



## **19. DEFINING APPLICATION TYPES**

Where a request is received for a large amount but policy dictates that the project will only receive a standard donation, the application should be classified as a standard.

Donations staff may reclassify an application when:

- the project is not major and the applicant's history of support is at standard level and traditionally trustees have supported this kind of project at standard level; the donations staff may, at their discretion, classify the application as a standard to avoid involving the applicant in excessive paper work for no return.
- an organisation is new, and/or a first time applicant, donations staff, may, at their discretion, process the application as a standard.
- the request is close to, but exceeds the appropriate standard; the application should be classified as a standard.
- donations staff have reason to believe that, because of recent approval trends, a donation is unlikely to be approved, an application may be reclassified.
- an applicant seeks a larger sum and has significant reserves, donations staff, may, at their discretion, reclassify an application for consideration at a standard level.

## **20. CHANGING CIRCUMSTANCES**

### **Change of Purpose**

An applicant may request that their donation be used for another project. The Chair has authority to approve such changes for standard donations. Requests for a change of purpose for special donations are considered by the Board.

To avoid uncertainty a change of purpose should be accompanied by a copy of minutes showing a resolution to that effect.

### **Expiry of Donations**

An applicant has two years in which to uplift their donation. Failure to do so will result in the donation being written back as per policy in Appendix 6 of the Governance Charter.

### **Extension of Time**

An applicant may request an extension of the two year period for uplifting their donation. Requests relating to special projects, where the project will be proceeding shortly will be considered by the Board.

## **21. PAYMENT OF DONATIONS**

### **Charitable Status or Tax Exemption**

Donations will not usually be paid unless a copy of the applicant's letter of confirmation of tax exemption, charitable status or inclusion in the Charities Register is on file, unless they are a church, a territorial local authority or a school, they are covered by an approval for a national organisation or their own legislation. A partial exemption letter is acceptable for standard donations. Trustees may approve a donation to an applicant who does not have tax exempt or charitable status but the applicant must be advised that any obligation for income tax is their responsibility.

### **Conditions**

The General Manager or his authorised delegate must certify that any conditions attached to a donation have been met before the donation is paid.

## **22. PAYMENT OF DONATIONS FOR VEHICLES**

To control the process for vehicle applications and minimise the accountability audit discrepancies related to the purchase of vehicles the following policy shall apply:

Approval for either standard or special donation will be given for an amount "up to". A condition of payment of a donation to purchase a vehicle will be that the organisation must produce a copy of an Agreement of Sale from a Registered Motor Vehicle Trader or other satisfactory authentic valuation. Evidence that the vehicle is insured and has a maintenance plan shall also be provided. A clause will also state that if the purchase price is less than that indicated on the application form the donation may be reduced.

The General Manager, who is responsible for approving payments, will determine if the purchase price is within an acceptable variance of the application amount stipulated. (e.g. 10% below the vehicle price quoted.)

Take the example that an organisation with a commitment of \$10,000 applies to purchase a vehicle for \$20,000 and is approved a donation of \$8,000. In this example the Trust has provided 40% funding and left the organisation with a \$2,000 shortfall. On receiving the Agreement of Sale the organisation has found a vehicle for \$16,000.

Since the purchase price is below the 10% tolerance of the price submitted in the application then five options exist to adjust the donation amount:

1. Reduce the approved amount proportionally to \$6,400 (40% of \$16,000). However, if this provides excess funds then proceed to one of the next four options.
2. Reduce the approved amount to \$4,000, which is the difference between the quoted value and the actual value ( $\$8,000 - (\$20,000 - \$16,000)$ ) and still leave a \$2,000 shortfall or
3. Reduce the approved amount to \$6,000 so that full funding exists.

4. Reduce the approved donation to \$5,000 being the average of options two and three.
5. Approve a standard donation of \$4,000.

The General Manager's recommendation is conveyed to either the Chair or Deputy Chair for approval and the organisation is then notified and the payment arranged. All changes are reported to the full Board of Trustees either through the Executive or Trust Meeting agendas and minutes.

### **23. ACCOUNTABILITY**

A minimum of 5% of all approvals are to be audited

Every fourth approved standard donation or special donation under \$10,000 for any particular applicant is to be audited

All newly established organisations will be audited

All Special Donations for \$10,000 and over will be audited

Any other donations, at the discretion of trustees or staff may be audited.

The accountability process will be conducted on a four tier basis, with separate forms for each.

- Donations up to \$10,000
- Donations between \$10,000 and \$24,999
- Donations between \$25,000 and \$99,999
- Donations \$100,000 and over

Audit dates will be specified for each targeted donation on an individual basis and will typically be within nine months of the donation being paid out.

Targeted donations will be classified into the following basic groups:

- Satisfactory audit
- Waiting for further information
- In abeyance
- Unsatisfactory
- Report yet to be returned

The Board will be advised if any application being considered has an outstanding or unsatisfactory audit report.

All data will be compiled utilising the Trust's donations database.

Where considered appropriate (by Management or the Board) major donations may be independently audited utilising the services of the Trusts' auditor for this purpose.

For an audit to be considered satisfactory the applicant must provide at least a copy of the receipts involved or a set of financial accounts relating to the period in question.

Trust donations must be shown as separate entries in the annual accounts.

An effectiveness audit will be carried out on all donations of \$100,000 and over and presented to the board.

Failure to comply with the Trust accountability requirements may affect future applications for funding.

## **24. WITHDRAWN APPLICATIONS**

Applications may be withdrawn by the General Manager prior to consideration by the Board in the following circumstances:

- A written request from the applicant that the application be withdrawn.
- A documented lack of response from the applicant to requests for further information after a reasonable period of time has elapsed.

Applications may be returned to the applicant if they are incomplete. At this stage in the process they are not deemed to have been received.

## **25. CONFIDENTIALITY**

There will be no public discussion of any individual application.

